



# Social Media Usage Patterns amongst Small and Medium Enterprises (SMMEs) in East London, South Africa

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## Abstract

**Introduction:** Social media marketing is an online communication that businesses use to interact with customers in an exchange of goods and services. Marketing has been a challenge for small and medium enterprises (SMMEs) around the world due to its cost. According to Kaplan and Haenlien social media has generated massive content due to users sharing their opinions and experiences on several topics. Digital marketing has provided small and medium enterprises a platform to create awareness to consumers on what they offer at relatively low costs. Traditional marketing which involves television, radio and billboards comes at a cost way high for these SME's and therefore growth of these companies becomes a challenge due to low sales as a result of awareness of goods and services provided.

**Research aims:** Determine the usage patterns of social media amongst small and medium enterprises in East London.

**Design/methodology/approach:** Convenience sampling was adopted and a questionnaire was utilized to gather data using closed-ended questions.

**Research findings:** The results show that SMMEs do not use social media marketing to its full potential and that SMMEs face challenges when it comes to the use of social media marketing.

productive drivers of inclusive economic growth and development in South Africa and beyond. Traditional marketing which is used in businesses includes television, radio, billboards, newspapers, flyers and this approach turns out to be very costly for mushrooming enterprises. Social media provides SMMEs with a platform to showcase their product offering and an opportunity to increase brand awareness with minimal costs. Jobber and Ellis-Chadwick [1] allude that an effective social media marketing strategy is the one that enables organizations to recruit new customers while retaining the already existing ones through customer relationship management (CRM), customer satisfaction and shielding against the competition.

In the 21st century, businesses have to be convenient and socially available to market their goods and services. Smith and Taylor [2] uncovered that companies are taking advantage of the internet platform to link up with potential clients. O'Donnell [3] further noted that social media impacts on customer perceptions and purchasing decisions. Therefore, SMMEs need to indulge in learning more about social media marketing strategies in order to increase their survival change and to retaining existing consumers and recruiting new ones.

## Literature Review

### Social networking theory

Borgatti and Halgin [4] observed that the term social networking has developed to mean anything from a private club to a website and can, therefore, lead to some confusion. They describe the network as a set of factors or nodes along with a set of ties of a specific type that link them. The nodes are the players within the networks and the ties are relationships amongst the players. According to Newman [5] social network theory views a social group as a system of interconnected elements which are usually though not always individuals.

Kaplan and Haenlein [6] defined social networking as a set of applications on the internet that allow users to share and receive information, videos, and pictures. Social networking

**Keywords:** Social media marketing; Traditional marketing; Digital marketing; SMME

## Introduction

Social media is a marketing communication tool through which businesses use to interact with customers directly, obtain feedback and maintain consumer satisfaction. Small and Medium Enterprises (SMME) have been identified as

user numbers have increased since the last 10 years with 1.96 billion users in the world [7]. Through social media platforms, individuals can construct virtual presentations of their social networks with all different kinds of ties [8].

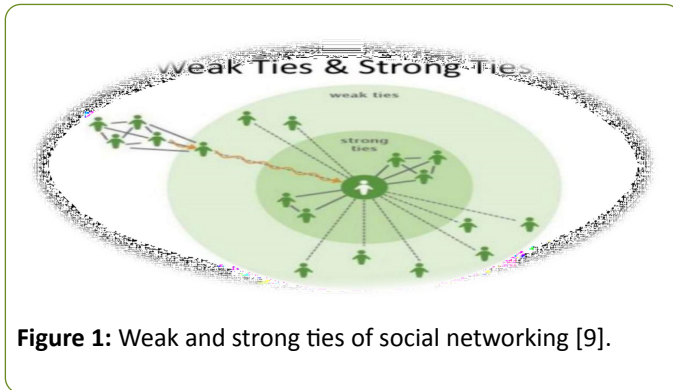


Figure 1: Weak and strong ties of social networking [9].

Fant [9] illustrates in the above chart (Figure 1) of weak and strong ties to show that in social networking has strong and weak ties, strong ties can be friends and weak ties can be acquaintances. All these ties are very crucial in social networking. Granovetter [10] argued that if people do not have weak ties and they only focus on their strong ties that means they are socially disadvantaged.

The author further elaborates that social network analysis requires an understanding of how independent people related to each other, affect each other's views and interact together. According to Mulero [11] social networking has been in existence since creation, conveying knowledge from one person to another as its foundation.

## Social networking sites

Statista [7] stated that people who use the internet spend 101.4 minutes of a day utilizing social networks. People use social networks to interact with friends, stay up to date with what is happening around the world, for leisure, for laughter, to share an opinion, to share experiences and to upload videos and photos (Figure 2) (Global Web Index, 2015).

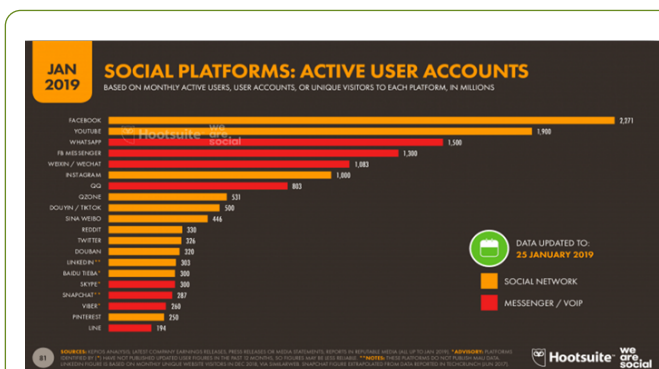


Figure 2: Social media platforms usage pattern worldwide [12].

## Social media

Safko and Brake [13] defined social media as a platform that focuses on communication media using web-based applications to transmit information easily either using videos, picture, and audios. Plus stated that in a few years social media is going to change the business setting for many organizations. Social media platforms are crucial as they allow interaction between businesses and consumer, as marketers build an effective communication channel with consumers they also get to scout for some potential social media influencers to spread the message to their network.

## Importance of social media marketing in South Africa

Marketing Insider Group stated that social platforms allow your business to interact with customers which helps to increase brand awareness and increase sales. It further outlined the following reasons why social media engagements are crucial for any business. Social media is crucial in increasing brand awareness also to show authenticity and provide support.

According Nieman SMMEs in South Africa have become an important focus for policymakers because the labour-absorptive capacity of the small business sector is higher than that of other size classes, the average capital cost of a job created in the SMME sector is lower than in the big business sector and they allow for more competitive markets. SMME's are also crucial because they can adapt more rapidly than larger organizations to changing preferences and trends and they often use local resources. SMME's provide opportunities for aspiring entrepreneurs, especially those who are unemployed, under-employed or retrenched.

## Effectiveness of using Facebook

Facebook is a social networking channel that allows people to communicate, share videos and pictures to their network. Business Tech's [14] stated that Arthur Goldstuck shared that Facebook is the most popular platform, with 16 million Facebook users in South Africa. Social media marketing can be very successful if used correctly, companies use Facebook as a platform to persuade as well as communicate with existing customers and prospective customers.

Small and medium enterprises need social media marketing strategies so as to advertise and persuade the buying behavior of prospects and customers. According to Weinberg [15] social media is used for sharing information, experiences, and communicating to a wider range of society or an online community. SMMEs can use this wider platform to reach out to the audience while targeting their prospective customers and increasing brand awareness.

## Effectiveness of using Twitter

Twitter is a social networking or microblogging platform which distributes messages to groups of recipients. Twitter has

269.6 million users worldwide. Small and medium enterprises should utilize such platforms to reach out to the audience, promote their business, and get instant feedback about the products or services.

Grewal and Levy [16] noted that without basic knowledge of the benefits of social media such as Twitter and how to best utilize it to interact with customers, countless opportunities are missed. Twitter allows businesses to interact with customers directly at low costs, yielding effective results if used constantly and correctly. Social media is one of the most effective promotional tools used by businesses. Levinson and Gibson allude that social media marketing tools can be freely and easily used equate to other promotional tools. Unfortunately, SMMEs lack knowledge which then hinders them from effectively using this social media platform. Dickey and Lewis [17] conclude that SMEs seem to struggle using social media because of the lack of necessary resources. Twitter allows businesses to identify their brands' worldwide to their targeted audience.

### Effectiveness of using Instagram

Instagram is a social networking site that allows users to filter photos, videos, and post them on various sites including Instagram. Instagram gives SMEs the opportunity to follow social trends and information on consumer tastes and preferences. According to Baker, Buoni, Fee and Vitale [18] explain that social media strategies are influenced by information on competitors' feeds. Social media marketing requires consistency and it consumes time, hence, it is very crucial to use social media marketing efforts and strategy in an effective manner.

Mulero [11] explains that social media marketing has overpowered traditional marketing, social media gave small and medium enterprises the opportunity to engage with their target market. The author further narrates that despite businesses using these social media platforms they have not yet exploited the maximum capabilities of these social networks. Which is why social media marketing requiring time, networking skills, strategies and understanding of consumer behavior.

### Usage and benefits of social media platforms

Small and medium enterprises lack social networking consistency. With social media, one must post consistently to reach a wider range of consumers. Social media allows a business to increase brand awareness. Social media platforms help to connect with customers and to create a real human connection with the world, these platforms are a very cost-effective way of promoting businesses. Demers mentioned that social media methods have been considered to be great tools in marketing strategies.

### Brand awareness

Vattari and Karkkainen stated that it is important for businesses to clearly define their objectives for the success of

their social media marketing efforts and to be remembered by their existing customers and attract new customers. Vattari and Karkkainen further state that it is crucial to understand how a business can use social media platforms to increase brand awareness on consumers. Brand awareness requires creating brand exposure and brand recall. Bond [19] states that brand awareness is achieved through customer engagements on social media platforms. Shojaei and Azman agreed that brand exposure, electronic word of mouth, and customer engagement in social media helps achieve brand awareness.

### Brand recognition

Investopedia [20] define brand recognition as a degree in which people can identify a brand by its attributes. Brand recognition may also include identification of additional brand elements or consumers may be able to recognize a brand when they encounter [21].

### Brand exposure

Brand exposure occurs when customers are aware of a certain brand, social media increase brand exposure. According to Stelzner [22] the most extreme benefit of using social media its brand exposure.

### Brand recall

Petrus [23] defined brand recall as the degree to which consumers are able to remember an advertisement about a brand. Social media promotes brand recall through businesses constantly sharing information about their brand. Marketing91 stated that brand recall plays a significant role in helping the business get more customers and in having those customers stick with the brand. It further noted that brand recall is not similar to brand recognition as it does not come from external incentives.

### Customer relationship management

Swift defined customer relationship management as a method of building a relationship with customers, understanding their behavior with an objective of improving performance, attracting new customers, and maintaining existing customers. Customer relationship management has two objectives: supporting social cause and enhancing market performance. Kumar and Reinartz arguments the above definition that customer relationship management is merely a strategic process where the business more profitable customers are chosen, and interaction between the enterprise and the customers are created in order to achieve the objective of the maximum value for customers and the business.

## Research Methodology

This research study was exploratory in nature. Burns and Groove define an exploratory research as a research conducted to gain new insights, discover new ideas, and for increasing knowledge of the phenomenon. Primary data was

collected through the use of surveys, questionnaires were designed and administered. Questionnaire comprised of closed ended questions that provided choices of answers to respondents.

Study population as defined by Polit and Beck [24] is the aggregate or total of those conforming to a set of specifications. The study population SMME's in East London. The study used a non-probability sampling method namely convenience to select a group of participants to take part in the study. Non-probability sampling involved selecting a sample in a non-statistical manner. The sample size comprised of 20 SMME's and the targeted respondents were either managers or owners. The questionnaire comprised of closed ended questions whereby respondents were required to select a particular choice from a list of possible choices given. A rating scale was also used in which respondents were presented with a range of categories serving as possible responses that could be selected by respondents.

## Results and Discussion

Data analysis was done using information obtained from the questionnaires that were issued to the targeted sample population. The study used graphical presentations to analyze the information gathered and interpretation was also included. The study focused mainly on three social media sites Facebook, Twitter, and Instagram while bearing in mind the objectives of the study.

### Response rate analysis

The study employed twenty questionnaires and were administered for the survey and all the questionnaires were fully completed by the respondents resulting in a 100% response rate. The survey was conducted in East London targeting SMMEs.

### Demographics

The demographic section was organized as follows: the gender of the respondent, age, level of education of the respondent, and position of the respondent in the SMMEs.

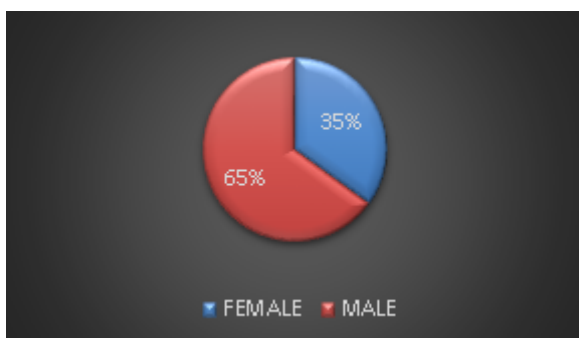


Figure 3: Gender distribution of respondents.

Figure 3 above reveals that 65% of the respondents were male and 35% of the respondents were female. It can be concluded that most of the respondents were male.

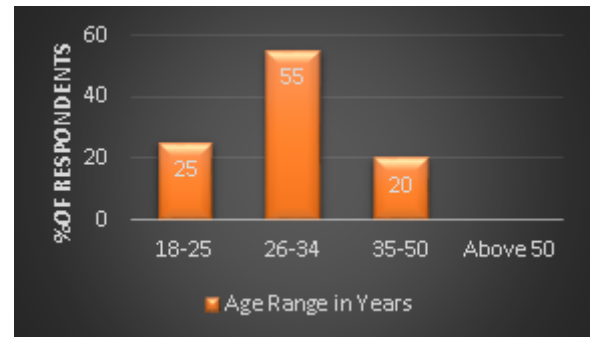


Figure 4: Age range of respondents.

Figure 4 shows that 25% of the respondents were within the 18-25 age group, 55% of the respondents were in the 26-34 age range, 20% of the respondents were in the 35-50 age range, and there were no respondents above the ages of 50. This then concludes that most of the respondents were between the ages of 26-34 and it also concludes that in this study SME's in East London are managed and owned by people within the ages of 18-50.

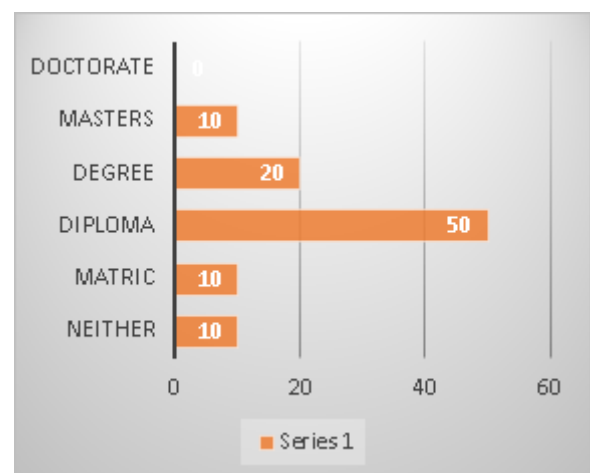
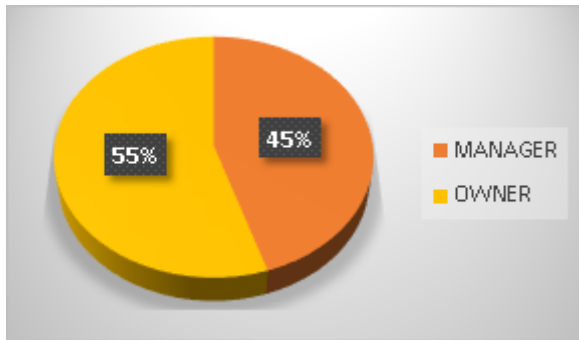


Figure 5: Educational profiles.

The respondents' educational profile ranged from not having any qualification to having a doctorate qualification (Figure 5). In this study 10% of the respondents did not have any qualification, 10% hold matric certificates, 50% were holding a diploma, 20% hold a bachelor's degree and 10% of the respondents were holding masters and there were no respondents with a doctorate qualification. This shows that 50% of the study's target population are diploma graduates that own or manage SMMEs in East London.



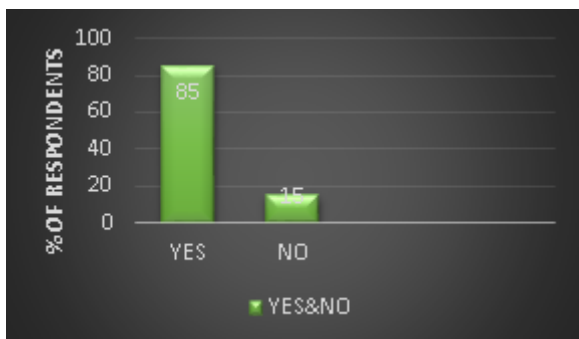


**Figure 6:** Position held within the SMME.

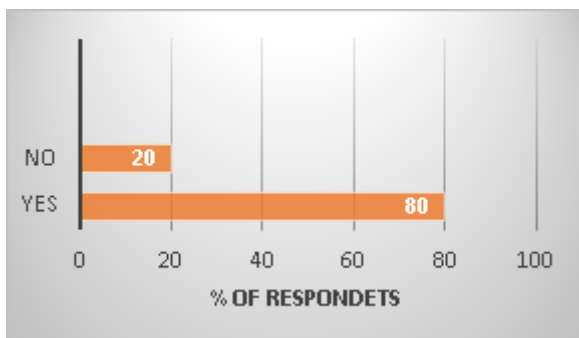
**Figure 6** illustrates that 45% of the respondents are managers whilst 55% of the respondents were owners of small and medium enterprises. Therefore, these respondents were regarded as perfect for the study as they were going to be able to provide information that was required by the study.

### Social media usage and challenges

This section is aimed at examining the use of social media, whether there are challenges that are experienced by small and medium enterprises and if respondents require assistance on social media marketing.



**Figure 7:** Usage patterns of social media.

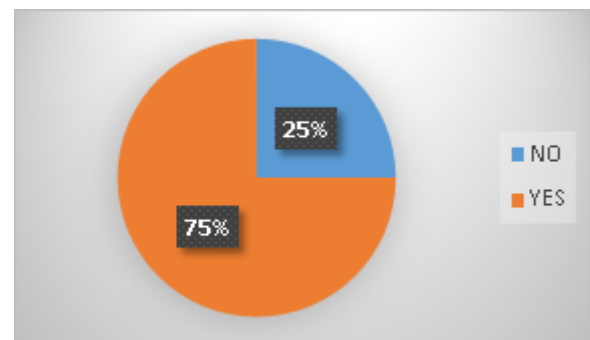


**Figure 8:** Social media challenges.

In this section, respondents were required to indicate with a 'yes or no' whether their business was using social media

marketing. The results confirmed that 85% of the respondents used social media marketing and 15% of the respondents did not use social media marketing (**Figure 7**). This high percentage showed that SMMEs do use social media marketing for the growth of the business.

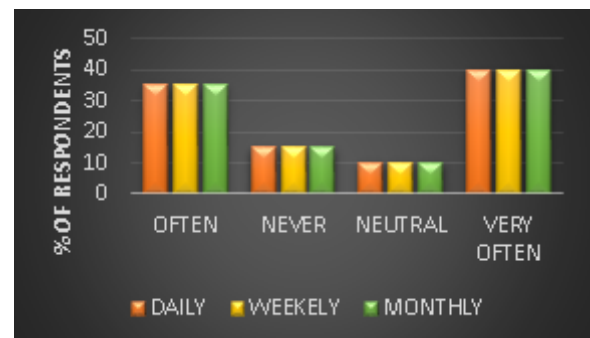
Respondents were required to indicate a 'yes or no' whether their business experiences challenges regarding social media marketing. The results revealed that 80% of the respondents did face challenges and 20% did not face challenges with social media marketing (**Figure 8**). The above 20% also includes 15% of the respondents that did not use social media marketing for the business. The results conclude that small and medium enterprises in East London do experience challenges when it comes to social media marketing and also concludes that businesses that do not use social media marketing do not find anything challenging in that type of marketing.



**Figure 9:** Assistance with social media marketing.

Respondents were asked whether they need assistance regarding social media marketing and 75% indicated 'yes' while 25% indicated 'no' (**Figure 9**), taking note that 25% of the respondents included 15% of the respondents that did not use social media.

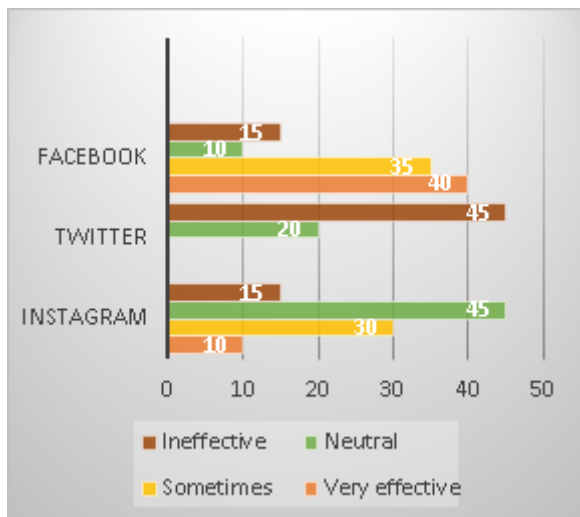
### Effectiveness of using social media platforms



**Figure 10:** Frequency use of social media platforms by the business.

**Figure 10** illustrates that under 'often' the daily, weekly, and monthly use of social media was 35%, under 'never' the daily, weekly, and monthly use of social media sites was 15%, under

'neutral' the daily, weekly, and monthly use of social media was 10% and lastly under 'very often' the daily, weekly and monthly use of social media sites was 40% of the respondents. If we merge 'often' and 'very often' it will reveal that 75% of the respondents use social media sites frequently and if we merge 'never' and 'neutral' it will show that 25% of the respondents don't use social media marketing. Frequent use of social media sites for marketing can result in customer gain and growth in business profits.



**Figure 11:** Effectiveness of social media platforms.

**Figure 11** showed that 40% of the respondents find using Facebook very effective, 35% of the respondents reveal that

the use of Facebook for marketing is sometimes effective, 10% of the respondents find the effectiveness of Facebook neutral and 15% of the respondents find the use of Facebook ineffective. The study revealed that 45% of the respondents find Twitter ineffective and 20% indicated that the effectiveness of using Twitter is neutral. The questionnaires also revealed that 35% of the respondents did not indicate any effectiveness nor ineffectiveness under the Twitter effectiveness question. Under Instagram the study revealed that 10% of the respondents find the use of IG very effective, 30% of the respondents indicated that Instagram is sometimes effective, 45% of the respondents find the effectiveness of using Instagram neutral, and 5% find Instagram ineffective. According to the questionnaires, 15% of the respondents did not market the business on Instagram. This concludes that Facebook is the most used site for social media marketing between the three sites that this study focused on and Twitter is the least used site and the most ineffective site to market your business. Khan and Karodia and Cox found that 51% and 91% of respondents' agreed that Facebook platform was an effective channel for marketing and customer relations.

The below **Table 1** depicts that 100% of the respondents agree that small and medium enterprises lack social media marketing knowledge, 15% agree that traditional marketing is more cost-effective than social media marketing and 85% disagree that traditional marketing is more cost-effective than social media marketing. The 15% respondents above consider word of mouth like a traditional tool hence they agree with the above statement (b).

**Table 1:** Measurement of marketing knowledge.

	True		False	
	frequency	Percentage	frequency	Percentage
SMME's lack of social media marketing knowledge.	20	100%	0	0%
Traditional marketing is more cost-effective than social media.	3	15%	17	85%

This concludes that marketing on social media is more cost-effective and consistent use of the platforms may yield great results and SMMEs do lack social media knowledge. The study of Omondi agreed that the biggest challenge SMMEs face is digital marketing knowledge and social media is part of digital marketing. Ndloodo and Dhurup results confirm that lack of knowledge about e-marketing capabilities was a factor which inhibits stakeholders from adopting the platforms.

## Conclusion

This study aimed at establishing SME's social media usage patterns in East London. The scarcity of academic research on the use of social media platform to support the growth of small business in South Africa indicated a need for this study. The research study assessed the effectiveness of using

Facebook, Twitter and Instagram as social media marketing platforms. The results revealed that the majority of the target population used Facebook.

The findings from a study done by Chung and Buhalis strongly agreed that Facebook plays a vital role in marketing and mostly in creating a relationship with customers, then further proclaim that there are so many countless opportunities that small businesses are missing due to the lack of understanding in using social media as a means of marketing. SMMEs should be trained on the available digital marketing techniques and how they are suitable for their business and proper policies should be made by the government to assist SMMEs adopt digital marketing.

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